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COMPARATIVE
ANALYSIS ON
THE JOB-
BROKING
MARKET IN
JAPAN AND
FINLAND

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with the contribution of
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ABSTRACT: This study compares the job-broking market of Japan and Finland. The study is based on statistical and literature analysis and interviews at the Public Employment Service. The Japanese labour market can be divided into a new graduate market and a mid-career market. The Japanese recruitment market is more lively compared with the Finnish market. In Japan substituting those retired is an important reason for recruiting, as in Finland new jobs and turnover of labour force are main reasons. Recruiting new graduates is based on longer-term assessment in Japan. There are many similarities in job-broking technology between the Japanese and the Finnish PES. The use of the Internet is broad and efficient, but also selectivity is being emphasised. The PES sees its role in both countries as being one recruitment channel among others and the PES introduces all recruitment channels in a versatile way to its customers. The mobile phone is not considered as good as the Internet as to job-broking technology in either of the countries, because the amount of information is limited in the mobile technology. In the skill issues of the PES there are many differences between the countries. In Japan the PES sees its role being more between the employers and the job-seekers, as in Finland this traditional role is about to change more into promoting direct contacts between the two. The use of multiple and overlapping recruitment channels is more common in Finland than in Japan where the use of channels is more well-established.

Keywords: Job-Broking, Job-Broking Technology, Skills, Recruitment, The Public Employment Service, Japan, Finland

TIIVISTELMÄ: Tutkimuksessa vertaillaan Japanin ja Suomen työnvälitysmarkkinoita. Tutkimus perustuu tilasto- ja kirjallisuusanalyysiin sekä työvoimatoimistohaastatteluihin. Japanin työmarkkinat voidaan jakaa vastavalmistuneiden ja keskiuralla olevien markkinoihin. Japanin rekrytointimarkkinat ovat Suomea vilkkaammat. Japanissa eläkkeelle siirtymisen korvaaminen on tärkeä rekrytoinnin syy, Suomessa taas uudet työpaikat ja muu vaihtuvuus. Vastavalmistuneiden rekrytointi perustuu Japanissa pitkän aikavälin arvioihin. Työnvälitysteknologiassa on paljon yhtäläisyyksiä Japanin ja Suomen julkisten työvoimapalvelujen välillä. Internetin käyttö on laajaa ja tehokasta, mutta selektiivisyyttä korostetaan. Työvoimatoimisto näkee itsensä kummassakin maassa yhtenä rekrytointikanavana muiden joukossa ja esittelee asiakkailleen monipuolisesti kaikkia rekrytointikanavia. Matkapuhelinteknologiaa ei pidetä kummassakaan maassa Internetin veroisena työnvälitysteknologiassa, koska informaation määrä on rajallinen. Työnvälityksen ammattitaitokysymyksissä on teknologiakysymyksiä enemmän eroja maiden välillä. Japanissa työvoimatoimisto näkee roolinsa enemmän työnantajien ja työnhakijoiden välissä, kun Suomessa tämä perinteinen rooli on muuttumassa enemmän työnantajien ja työnhakijoiden suorien kontaktien edistämiseen. Suomessa on enemmän päällekkäistä rekrytointikanavien käyttöä kuin Japanissa, jossa kanavien käyttö on vakiintuneempaa.

Asiasanat: Työnvälitys, työnvälitysteknologia, osaaminen, rekrytointi, julkinen työvoimapalvelu, Japani, Suomi

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The Institute has provided good resources for carrying through this study. The study visit at the Institute in March 2005 proved to be an inspiring working period and a real learning process for the author on Japanese working culture and the labour market. The Institute's actions in inviting me for this visiting research period and organising this in practice are gratefully acknowledged. I am well aware that this has been a unique opportunity to be able to do research work in Japan. This time was my third visit to Japan and it has always been a pleasure to be here at the hearth of the Asian culture.

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Research infrastructure is not often mentioned as a precondition for doing serious analytical work. The web based information services and the library of the JILPT meet high standards. I also wish to thank Deputy Director Ryoukichi Katagiri for a good introduction to the library services.

The research interviews at the Public Employment Service offices of Tokyo Shinjuku, Mishima, Helsinki and Turku deepened the understanding of the job-broking market and made comparisons possible.

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At the Japan Institute for Labour Policy and Training
Kamishakujii, Tokyo, March 2005

Heikki Räisänen

Contents

1. Motivation for the Study	1
2. Economy and the Labour Market	3
2.1 Economic Developments	3
2.2 Population and Labour Force Participation	4
2.3 Employment, Unemployment and Labour Market Policy	7
3. Main Characteristics of the Job-Broking Market	12
3.1 Recruitment and Vacancy Data	13
3.2 Reasons for Recruiting	15
3.3 Recruitment Channels	16
4. The Role of Technology and Skills at the PES	20
4.1 The Functioning of the Public Employment Services	20
PES Staff Resources	21
The Interview Method	22
The Four PES Offices in Two Countries	23
4.2 The Role of Technology	23
The Internet in General and its Effects on PES Job-broking Services	23
Effects of PES Web Services	25
The Future Role of the Internet in Whole Recruitment of Labour	27
The Future Role of the Internet for the PES Services	28
The Internet or Mobile Technology in Job-broking	29
4.3 Labour Market Skills at the PES	30
Skill Demands Rising from the Labour Market Changes	30
Fundamental Labour Market Skills in the PES work	31
Relevance of Knowledge of Various Recruitment Channels	33
Relevance of Being Aware of Recruitment Problems	34
Future Considerations for Labour Demand and Supply	35
4.4 Main Similarities and Differences in Technology and Skills	37
Summary of the Interviews	37
Have the Hypotheses Been Verified?	39

5. Conclusions and Policy Recommendations	41
References	44
Appendices	47

1. Motivation for the Study

In a modern society, the labour market is an arena where people earn their living and apply their human resources in a meaningful way. The modern labour market consists of numerous submarkets and millions of transactions when employers want to hire someone or people search for a job. It is of vital importance how this kind of matching of labour demand and supply works. Information on both job-seekers and job vacancies is valuable in making the market work better. Labour market information may be provided as an individual service by a Public Employment Service officer or via the Internet. This kind of work around job-broking also requires special skills.

The idea of this study is to analyse the main characteristics of the Japanese and Finnish job-broking market from a comparative perspective. The analysis will be started with an overview on the economic and labour market context in both countries. After that, the main job-broking market characteristics will be analysed (concentrating on the Public Employment Service). The role of the Internet in job-broking is taken for further discussion.

The role of the Public Employment Service (PES) is addressed more deeply by studying the organisation, volume and qualifications of the PES personnel in both countries. The qualifications of the PES personnel are studied by interviewing selected PES personnel in both countries around the problem area of what kind of qualifications the labour market changes seem to emphasise. The interview method is also applied for deepening the picture on the role of the Internet and other technological changes in the job-broking market.

Conclusions and policy recommendations are based on the idea that the results of this study may be found interesting besides academics, but also in both countries in question the authorities have a keen interest in developing the operations of the job-broking market. Also international organisations working in this area may find the outcome beneficial.

Comparing the job-broking market in Japan and Finland means a comparison of two very different kinds of countries' characteristics. Japan is a great nation with a population for over 127 million people and is the second-biggest economy in the world as Finland is a small European country with a population of 5 million people. Despite the differences in scale, there are, however, some very interesting aspects which both societies share. A high standard of living combined with an advanced level of technology and ageing society are examples of those features common for both societies.

As to the labour market, the Japanese lifetime employment system is quite different from the Finnish case where short-term demand factors have more relevance.

The Finnish labour market represents in this comparison also the European style labour market with quite typical European problems and solutions. However, the Japanese lifetime employment system concentrated on large corporations is changing and attitudes towards it in companies would imply that at least partial adjustment of the system is inevitable. This system can be described as a practice where companies hire a specific amount of new graduates at fixed times every year and with open-ended contracts the recruits may continue working within the same company until they retire. It is interesting to note that Japanese people still favour this system: almost 80 per cent favour this employment practice at least somewhat¹. Job security is in principle high under the Japanese system, but in the 1990s companies were forced to reduce the number of employees, which also increased unemployment and reduced the recruitment possibilities for school leavers².

The job-broking market in both countries includes public as well as private actors. However, the analysis is based on the role of the Public Employment Service and its functioning. The role of the Internet in the job-broking market and the qualifications at the PES are of special interest in this study. They are intended to deepen the picture of pure statistical comparison and literature analysis.

The basic motivation for this study is to try to find out whether some features of the job-broking market have developed into different directions in the two countries and in that case what are the reasons for it and their consequences. Like the differences, the similarities also are interesting.

The basic hypothesis is that the application of the job-broking technology is on a high level in both countries, but the way the labour market function and recruitment takes place are basically very different. As a conclusion, the hypothesis on the qualifications of the PES personnel is that there should be some basic similarities e.g. in applying the technology, but the market and administrative environments also set different requirements. This study tries to find out whether these presuppositions hold or not. The study is basically a descriptive comparative analysis applying mainly macro level statistics and literature analysis which is partially deepened by PES interviews.

¹ Labor Situation in Japan and Analysis 2004/2005 (2004, 26-27)

² Koshiro (2000, 197)

2. Economy and the Labour Market

2.1 Economic Developments

Japan is the second biggest economy in the world as it produced 12.2 per cent of the OECD GDP in 2000. Finland represented only 0.5 per cent of the OECD GDP in the same year. The economic growth in 1991-2001 was 1.2 per cent on average in Japan and 2.7 per cent in Finland. However, in 2002 the Japanese economy faced slight negative GDP growth of -0.3 per cent, but turned back to the growth of 2.7 per cent in 2003. The Finnish GDP growth was 2.3 per cent in 2002 and 1.9 per cent in 2003.³ The real income level per capita in Japan and Finland is almost the same.

The Japanese economy has experienced a kind of slow deflation since 2001. Before that, some demand fostering measures like permanent tax cuts were carried through and the economy started to recover from a long period of slow growth, but this turned out to be a short period. In 2002, the unemployment reached a record high level of 5.4 per cent but is expected to decrease slightly in 2005. The average business sector labour costs have increased only very moderately from 1991 to 2001, only 0.3 per cent annually.⁴ The main industries are manufacturing, construction, trade, real estate, services and communication. Japan especially exports cars, electronic devices and computers. The USA has been the most important single trade partner country as the Asian countries come next, but China was already in 2004 number one trade partner for Japan with a 20 per cent share of total trade. Raw materials are the main imported goods as the domestic resources for raw materials are relatively limited. Japan has a large surplus in trade balance.⁵

The Finnish economy experienced an extreme recession in the beginning of the 1990s, which was deeper than ever in any western economy after the Second World War, but the recovery was also rapid. Considering the recent developments, the public sector surplus is strong (the best among the EU15 in 2002-2003), economic growth relatively good and inflation low, but the development in the labour market has been relatively sluggish in the recent years. The employment is expected to grow in 2005, however, after remaining relatively stable for a couple of years. The unemployment is still at a high level. In manufacturing industries, the electronic industry has experienced an expansion as the other major branches in manufacturing are wood, paper and pulp industries and metal industries with more stable longer term development. The exports of the Finnish

³ OECD (2004b, 19)

⁴ Labor Situation in Japan and Analysis 2004/2005 (2004, 2-4); OECD Employment Outlook (2004, 19-23)

⁵ <http://www.japan-guide.com/e/e2043>

metal industry including the electronic industry (e.g. mobile phones) increased rapidly in the 1990s to reach almost a half of the total exports but has stagnated in the recent years.⁶

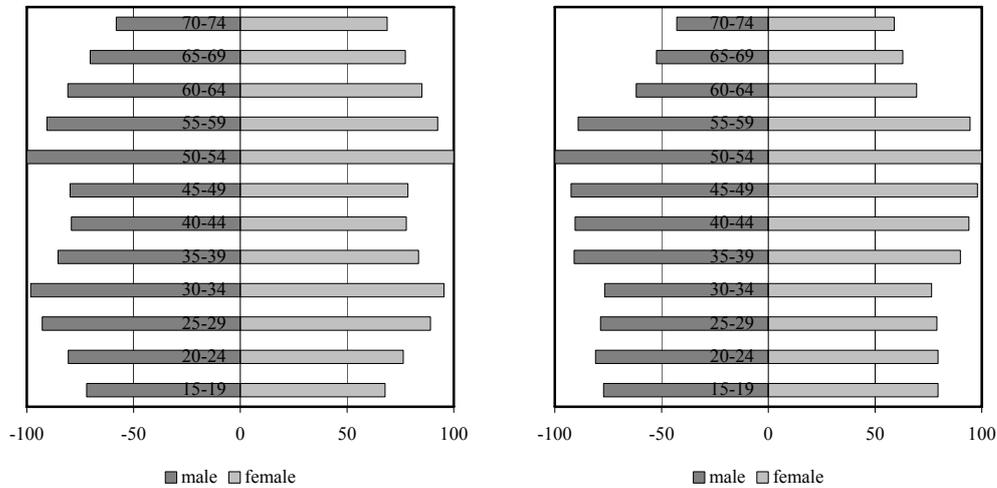
2.2 Population and Labour Force Participation

Japan had a population of 127.6 million people in 2003 as the corresponding figure for Finland was 5.2 million. The difference in the magnitude of the age cohorts in a society is an important factor in the labour market in also taking the welfare of the whole population into account. If various cohorts are clearly of different magnitude, this can cause difficult problems in terms of recruiting new employees to replace those reaching the pensionable age. Also in the educational system it is problematic, if next cohorts entering certain educational level are clearly different in size as their predecessors. To continue, depending on the system of financing health services and pensions for the aged population, it causes problems if the working age population is more limited in number.

Both Japan and Finland have large post-war baby boom cohorts which were 50-54 years of age in 2003. They were the largest cohorts in both societies. However, reading carefully the figures presented in the following, Japan faces even more difficult problems in the labour market as the next cohorts following the baby boomers are clearly more limited in number in relation to the Finnish situation. In the coming years, Japan can adapt to population changes with large cohorts born in 1969-1978 which were 25-34 years of age in 2003. After these cohorts the following ones are smaller and smaller in number. In Finland the working age population also starts to decline as the largest cohorts are reaching the age when they practically leave the labour market. In Finland the cohorts born after the mid 1970s are more even in magnitude, but the adaptation to the changing situation is faced in the medium term.

⁶ Finnish Economy. Structural indicators (2004)

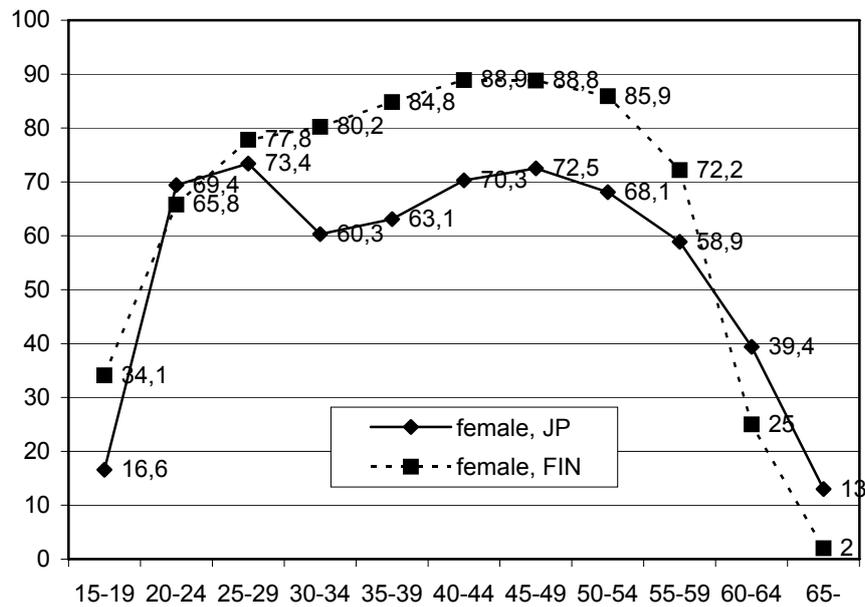
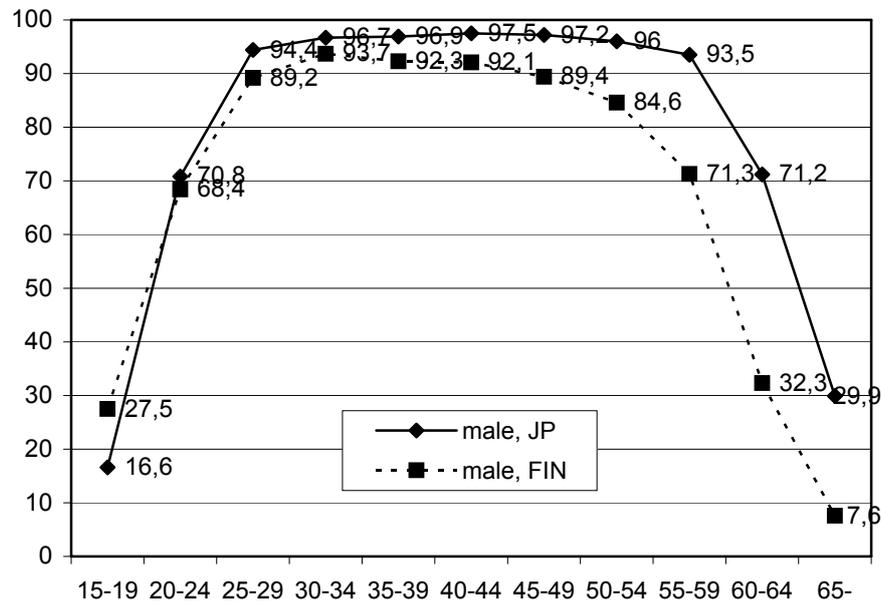
Figure 1 a and b. Population profiles, working age population by 5-year cohorts in relation to the largest cohort (=100) in 2003 (a, left Japan; b, right Finland)



Sources: Statistics Japan; Statistics Finland and Finnish Labour Review 2004

Taking the labour force participation of the population into consideration, Japan has only very limited labour resources in the prime age male population, which is practically fully integrated into the labour market. Finland has more resources in this respect taking the Japanese participation as a benchmark especially with the older prime age and aged working age population. The Japanese domestic labour resources are clearly found in the female population compared with the Finnish participation model. In comparison to Japan, Finland has much to do with improving the participation of the elderly population, which is really impressive in Japan. However, this kind of comparison is just an idea, as the real decisions on labour supply are often made in households of both spouses together and especially here the welfare regime and its effects on the female population is relevant as are the behaviour of exit from the labour market. The total labour force equalled 66.9 million people in Japan and 2.6 million in Finland in 2002.

Figure 2 a and b. Labour force participation by age, males (a, first below) and females (b, second below) in 2003⁷

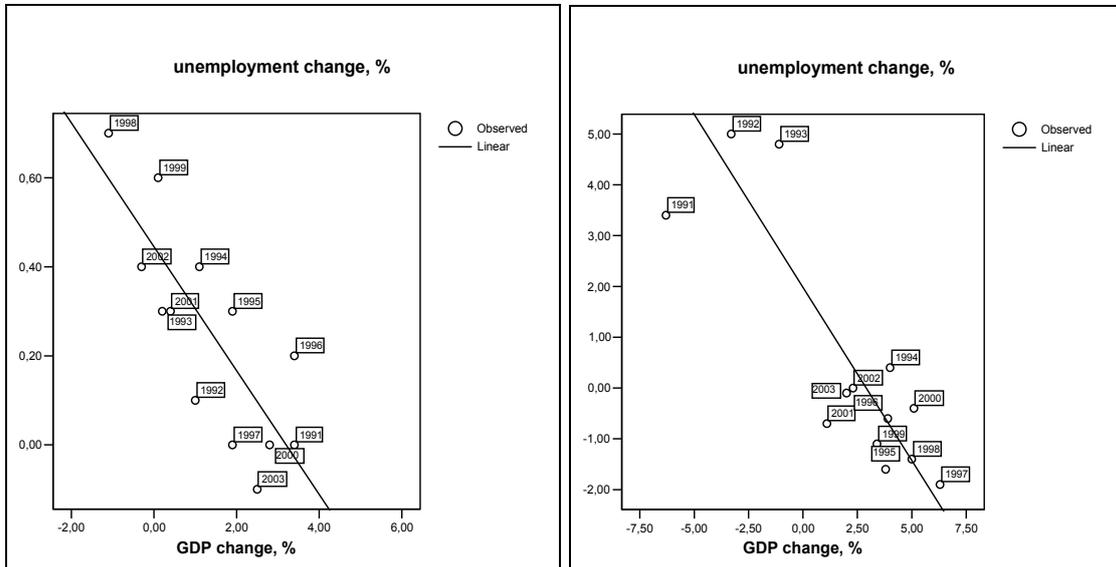


Sources: Japanese Working Life Profile 2004/2005, Labour Statistics, 18; Finnish Labour Review, stat. annex p.16-19

⁷ For Finland, the last age group is 65-74 year old, for Japan, it is 65 and over which makes the categories incomparable in a strict sense.

2.3 Employment, Unemployment and Labour Market Policy

Figure 3 a and b. Dependency between GDP and unemployment in Japan (a, left) and Finland (b, right), annual changes in 1991-2003⁸



Data sources: OECD Employment Outlook, various years

Calculating simple regression equations for unemployment change from 1991 to 2003 with the GDP change as an independent variable, the Finnish variation in both variables is much higher than the Japanese. However, calculating the critical values which predict that unemployment remains unchanged, shows that the relation in both countries resembles each other amazingly much: in Japan, a GDP growth of 3.1 per cent is needed for the unemployment to remain constant, as the corresponding figure for Finland is 2.9 per cent.

⁸ linear regression for Japan: $r^2=64\%$, $Y=0.44-0.14X$, significance=0.003, $F=16.1$ and for Finland: $r^2=61\%$, $Y=1.98-0.68X$, significance=0.005, $F=13.9$, where Y = unemployment change, % points and X = GDP change, %

Table 1. Labour market balance for 1998 and 2003

	Japan 1998	Japan 2003 ⁹	Finland 1998	Finland 2003
Labour Supply				
working-age population (15-64 years), millions	86.89	85.42	3.44	3.48
labour force (15-64), millions	63.09	61.79	2.49	2.58
participation rate, %	72.6	72.3	72.4	74.1
Labour Demand				
primary industries, millions (%)	3.43 (5.3 %)	2.93 (4.7 %)	0.14 (6.5 %)	0.12 (5.1 %)
secondary industries, millions (%)	20.50 (31.5 %)	18.19 (29.1 %)	0.61 (27.7 %)	0.62 (26.3 %)
tertiary industries, millions (%)	41.21 (63.2 %)	41.43 (66.2 %)	1.46 (65.8 %)	1.62 (68.6 %)
job vacancies (V %)	1,265,200 (2.0 %)	1,670,100 (2.6 %)	16,800 (0.7 %)	23,300 (0.9 %)
Balance				
employed, millions	65.14	63.16	2.22	2.37
employment rate (15-64), %	69.5	68.4	64.1	67.3
unemployment rate, %	4.1	5.3	11.4	9.0

Sources: OECD (2004) ; www.stat.go.jp (Population Statistics and Labour Force Survey Statistics); Year Book of Labour Statistics (1998 and 2003 editions); Finnish Labour Review (4/2004); The Labour Situation in Japan 2000 (2000)

Taking the 15-64 year old population into account, the labour force participation rate was of similar magnitude in both countries in 1998, but since then slight drop in Japan and a more visible improvement in Finland occurred. The share of primary industries is close to each other between the countries with only slightly larger share found for Finland, as Japan concentrates more into secondary industries and the Finnish tertiary sector employment is more developed. However, the differences are relatively narrow and the development between 1998 and 2003 shows similar patterns for both countries. The employment rate was 5.4 percentage points higher for Japan in 1998, but the gap was only 0.9 percentage points in 2003 as also the differences in unemployment levels have become more even. Despite the fact that the development in decreasing unemployment in Finland has been among the best in Europe since the recession of the 1990s, the record high

⁹ For Japan in 2003, the breakdown of employment by main sectors presented in the table is based on Year Book of Labour Statistics (2003) which presents some sectors in addition to the breakdown presented in the www.stat.go.jp . Still, some minor industries are not included in the breakdown where the sum totals 62.55 million and the total number of employed equals 63.16 million people. For the Japanese V rate, an alternative source is presented in appendix 3.

unemployment for Japan does not reach even the current more moderate Finnish levels. The potential labour demand hidden in vacancies is clearly higher for Japan than for Finland¹⁰.

Various kind of atypical forms of work have become more common in many societies. On one hand they increase labour market flexibility and provide new kind of job opportunities for those who want to have this type of job. On the other hand, many employees take a part-time job, a fixed-term contract or start to work as a dispatched worker only in absence of other options.

Table 2. Part-time work, fixed-term contracts and temporary work agency workers in Japan and Finland, % of the employed

Year	JP 1. part-time work, % ¹¹	FIN 1. part-time work, % ¹²	JP 2. fixed-term contracts, % ¹³	FIN 2. fixed-term contracts, %	JP 3. tempo- rary work agency workers, %	FIN 3. tem- porary work agency workers, %
1998	21.2	11.4	n.a.	17.4	1.4	n.a.
1999	21.8	12.1	n.a.	16.8	1.7	1.4
2000	20.0	12.3	(13.1)	16.3	2.2	1.7
2001	22.9	12.2	n.a.	16.4	2.7	1.7
2002	23.2	12.8	15.5	16.0	n.a.	2.0
2003	23.0	13.0	n.a.	16.3	2.0	2.0

Sources: Labour situation in Japan and Analysis 2004/2005, 18; Year Book of Labour Statistics (2003); General Survey on Diversified Types of Employment (1999 and 2003 editions) Employment in Europe 2004 (2004, 261); Ministry of Labour (2004, 2); Finnish Labour Review 4/2004, The Special Survey of the Labour Force Survey (2000), The Employment Status Survey (2002).

In Japan it is very common for females to take part-time jobs, e.g. in 1999 it was five times as common as for males¹⁴, as in Finland part-time rate for females was

¹⁰ Based on the following equation: (monthly flow x duration in months) = stock ; the estimation for the vacancy duration would be 76 days for Japan on average and 27 days for Finland (in the published statistics it is 24 days for Finland). This means that the Finnish PES deals with much broader vacancy flows in relation to the stock of vacancies than the Japanese PESO.

¹¹ Part-time workers in Japan are those working less than 35 hours a week.

¹² Part-time workers in Finland are those who consider themselves as part-timers. In practice part-time workers cover people working also more than 30 hours a week on average.

¹³ The share of fixed-term contracts for Japan is based on The Special Survey of the Labour Force Survey (2000) which has been carried through in 1992, 1997 and 2000 and The Employment Status Survey (2002), which has been carried through in 1992, 1997 and 2002. In 1992 and 1997 the estimates based on the Employment Status Survey were 0.8 and 0.7 percentage points higher than those based on the other survey, so the figures for 2000 and 2002 are not strictly comparable and the figure for 2000 is presented in parenthesis. The definition is based on all temporary employment not exceeding the duration of one year.

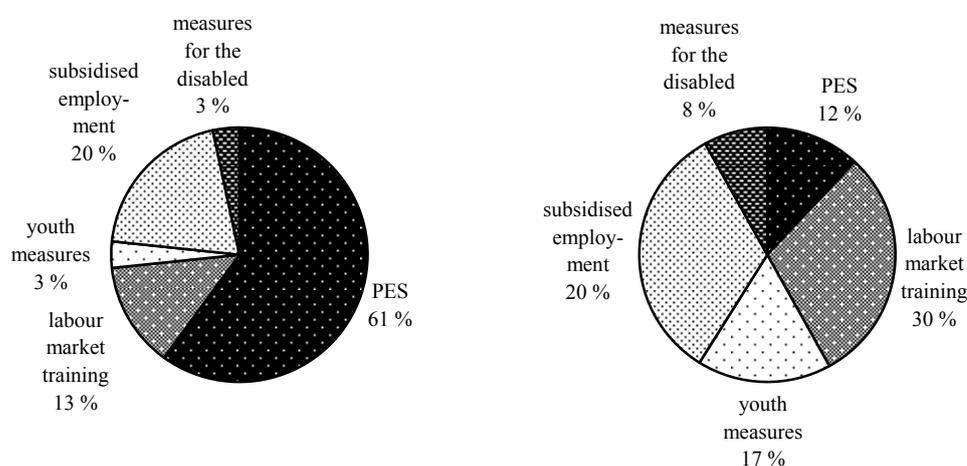
¹⁴ Labor Situation in Japan and Analysis 2004/2005, 20

only double of that for males¹⁵. Despite the differences in the definition for part-time work, it is much more common in Japan compared to Finland. This is very much caused by the full-time work often taken by Finnish women.

Temporary work agencies have approximately the same relevance on both countries with the share of employment varying between 1 and 2 per cent of the employed population. A slight increasing trend has occurred during the last few years.

In Finland the main form of atypical kind of work is the application of fixed-term contracts. There has been only very slight variation in the intensity, which is between 16 and 17 per cent of the employed between the years 1999 and 2003¹⁶. In Japan the corresponding figures are available only for a couple of years, but the majority of “non-regular” workers are part-timers with fixed-term contracts having also a relatively large share of employment¹⁷. The main forms of atypical kind of work are different between the countries with Japanese employers and employees applying more part-time work and the Finnish ones more fixed-term job contracts. These fixed-term contracts are very common e.g. in the Finnish public sector, like in the universities, health care and social services. In Japan it is the trade and service sectors which apply non-regular type of jobs most often.

Figure 4 a and b. Distribution of active labour market policy programmes in Japan (a, left) and Finland (b, right) in 2002



Source: OECD (2004)

¹⁵ Employment in Europe (2004, 261).

¹⁶ Employment in Europe (2004, 261).

¹⁷ The Employment Status Survey and The Special Survey of the Labour Force Survey, see also Labor Situation in Japan and Analysis 2004/2005, 20 ; General Survey on Diversified Types of Employment (1999 and 2003)

Finland devotes much more of its resources to both active and passive labour market policies than Japan does. In 2002 (or fiscal year 2002-03) Japan had an expenditure of 0.76 per cent of the GDP for LMP with unemployment benefits representing 0.47 per cent. The breakdown of active programmes above demonstrates clearly how important the PES is in the Japanese labour market policy. The Finnish expenditure represented 3.07 per cent of the GDP in 2002 and unemployment benefits did stand for 2.06 per cent. The active measures with a total GDP share of 1.01 per cent are quite evenly distributed between labour market training and subsidised employment programmes followed by youth measures and the PES and a more limited category of measures for the disabled persons. In relation to other labour market programmes, Japan emphasises the PES much more heavily than Finland does, but in relation to GDP the Japanese resources (0.18 %) are not really much more than Finland (0.12 %) spends.

In 1998, the Finnish expenditure was 3.96 per cent of GDP as the Japanese one equalled 0.76 per cent in the fiscal year 1998-99. The relative share of the PES in terms of funds has increased in Finland, as other forms of active programmes have been eased with decreasing unemployment. The Japanese active spending and its distribution has been very stable over the last few years.¹⁸

¹⁸ OECD (2002)

3. Main Characteristics of the Job-Broking Market

The Japanese and Finnish job-broking market are different in character and the way they work. In Japan, the labour market especially in large corporations is still based on life-long employment and therefore, recruitment is much concentrated on new graduates. Japan's labour market can on the one hand be divided into new graduate market and mid-career job-seeker market, on the other, into large and small companies¹⁹. Recruitment of new staff members takes place at certain time of the year (usually so called Spring recruitment) or at a couple of predetermined fixed times of the year. Interesting company-level modifications have been developed, e.g. Sony Corporation is adopting a recruitment system which allows collage graduates to actually enter the company any time within the following two years after receiving a promise of a job. The system of recruiting university graduates at April is also considered to interfere in the academic studies and this is one solution for this problem²⁰.

Small businesses have in one sense represented flexibility in the Japanese labour market as they cannot apply similar recruitment and employment practises as large corporations. In this sense they must operate more like the Finnish or "European type" of labour market in general.

In Finland recruitment of labour is based on relatively short time demand factors. The educational system provides highly qualified labour force, but the graduates have often difficulties in integration into the labour market. Work and university level studies are also usually carried through simultaneously, as real full-time studies are more usual in the first years of studies. This causes also that in Finland the graduation age at universities is high in international standards. Basically, the "life-long" employment is possible in the public sector, where many officials have long careers with the same employer. This is also more usual in large companies than small, but no real life-long employment patterns do exist in Finland. The whole labour market is dynamic as employment contracts begin and terminate, people apply for jobs and use leave schemes for temporary withdrawal from the labour market, jobs are destroyed and new ones founded.

¹⁹ Labor Situation in Japan and Analysis 2004/2005, 29

²⁰ The Japan Labor Flash No 31 (1.2.2005)

3.1 Recruitment and Vacancy Data

Table 3. Vacancy and job application data in 1998-2003

	JP 1: new opening rate ²¹	FIN 1: new opening rate ²²	JP 2: active opening rate ²³	FIN 2: active opening rate ²⁴	JP 3: placements / active applications, % ²⁵	FIN 3: placements / active applications, % ²⁶	JP 4: placements/active openings, % ²⁷	FIN 4: placements / active openings, % ²⁸
1998	0.92	0.55 (0.98)	0.53	0.05 (0.09)	5.7	2.9	10.9	54.0
1999	0.87	0.57 (1.04)	0.48	0.06 (0.09)	5.7	3.2	11.9	58.0
2000	1.05	0.69 (1.26)	0.59	0.07 (0.11)	6.2	4.0	10.6	58.7
2001	1.01	0.72 (1.32)	0.59	0.08 (0.13)	6.1	4.4	10.2	56.7
2002	0.93	0.75 (1.41)	0.54	0.08 (0.14)	6.1	4.6	11.3	55.0
2003	1.07	0.76 (1.47)	0.64	0.09 (0.16)	6.8	4.7	10.5	53.1

Sources: Year Book of Labour Statistics (2003), table 23 and a separate definition of terms; Japanese Working Life Profile 2004/2005, Labour Statistics, p. 20 ; Finnish Labour Review 4/2004, Statistical Annex, tables 19 and 20.

The Japanese figures in the table above are calculated excluding the new graduates, which makes the comparison in strict sense difficult. It is also possible that some conceptual differences remain in the table. Based on the calculations, the main outcome is that the Japanese recruitment market is relatively more lively compared with the Finnish one. Comparing the new job openings per new appli-

²¹ New opening rate = flow of new job openings / flow of new job applications

²² New opening rate = flow of new PES vacancies / flow of new job-seekers (in parenthesis = flow of new PES vacancies / flow of new unemployed job-seekers)

²³ Active opening rate = stock of active job openings / stock of active applications. Note: The job opening figures for Japan are calculated based on persons as there is no separate vacancy data.

²⁴ Active opening rate = active PES vacancies during a month / job-seekers during a month (in parenthesis = PES vacancies during a month / unemployed job-seekers during a month). Note: These are not normal stock data, but gather all activities within the time period in question on cumulative basis.

²⁵ Proportion of placements to applications = (flow of job placements / stock of active applications) x 100. Note: Job placements through referrals by the PES.

²⁶ Placements / active applications = (flow of filled PES vacancies during a month / job-seekers during a month) x 100. Note: The job-seeker data is a cumulative figure.

²⁷ Job orders filling rate = (flow of job placements / stock of active openings) x 100

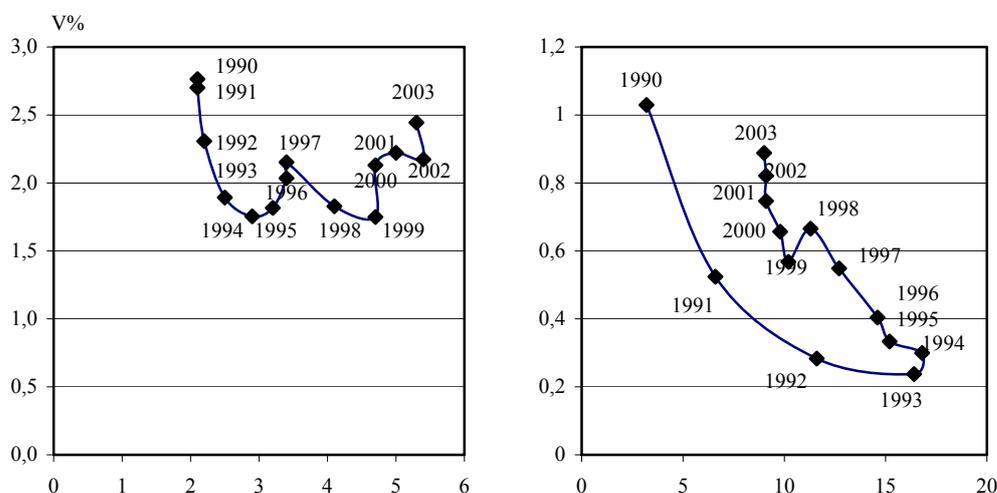
²⁸ Placements / active openings = (flow of filled PES vacancies during a month / PES job vacancies during a month) x 100. Note: The number of PES vacancies during a month is a cumulative figure.

cations (or new applicants for Finland), the Finnish job opening rate is about three quarters of the Japanese one. If the rate for Finland is calculated in relation to new unemployed job-seekers, which is probably closer to the reality of the job-seekers' structure in Japan, the Finnish figure becomes much higher. However, in both countries a new job-seeker seems to have a fairly good chance of getting a job based on this macro level assessment.

The large scale Finnish stock of unemployment is demonstrated clearly in the second indicator, where the Japanese figure is much higher compared with the Finnish one. If this indicator could refer to the job finding prospects of the (unemployed) job-seekers compared with the first indicator, the possibilities seem to be worse and especially the gap between flow approach and stock approach is large for Finland.

Job placements in relation to active applications do not differ much between the countries and placements in relation to active job openings are clearly more intensive for Finland than Japan. The differences are clearest in vacancy inflow, where Japan has better performance. The Finnish high stock of unemployed job-seekers affects the figures. In the vacancy filling end the Finnish outcome is very good in this comparison and the Japanese placement rate quite low. In a nutshell, Japan does better with the Public Employment Service recruitment market in relation to job applications or applicants, but Finland does better in relation to handling the vacancies announced open at the PES. The outcome is also heavily dependent on the employers' behaviour. One thing that affects the figures heavily is the vacancy duration.

Figure 5 a and b. Unemployment – vacancy (UV) curve for Japan (a, left) and Finland (b, right) between 1990 and 2003²⁹



Sources: www.stat.go.jp (population and labour force statistics); Year Book of Labour Statistics (various years between 1994 and 2003); Finnish Labour Review 4/2004

The unemployment – vacancy curve indicates the functioning of the labour market. The Japanese curve between 1990 and 2003 shows increase in unemployment, but the high vacancy rate has not changed remarkably into one direction or the other³⁰. The curve is, however, further from the origin in 2003 than before. The Finnish curve demonstrates the shocking increase in unemployment between 1990 and 1994 and after that the curve seems to have shifted further away from the origin. The curves as such are not directly comparable between countries, as the level of the vacancy rate is heavily affected by the duration of the vacancy period. However it could be concluded that the development in both countries has not been very favourable in the last few years.

3.2 Reasons for Recruiting

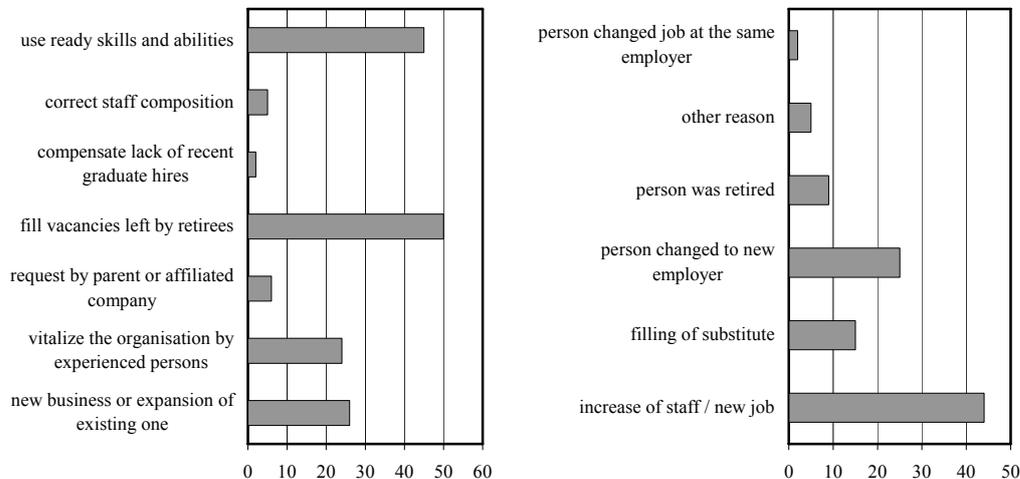
It is not easy to compare the reasons for recruitment between countries. However, some relevant information on this issue is available for the year 2001. The Japanese data is based on a survey of employment management by the Ministry of Health, Labour and Welfare as the Finnish data is based on a survey carried out by Statistics Finland on behalf of the Ministry of Labour. The Following comparative outcome can be summarised.

²⁹ The vacancy rate is calculated as follows: $V \% = (V / (V + N)) \times 100$, where V = stock of vacancies, N = labour force.

³⁰ In figure 5 the calculations are based on employment service statistics. The Japanese V rate is based on the number of active job openings. An alternative way of estimating the V rate for Japan is presented in appendix 3 based on survey statistics, which makes the UV curve to better react to unemployment changes, but the range is much larger than in figure 5 a.

The Japanese situation is based on multiple responses, so the sum of the responses exceeds 100 per cent. The figures presented are calculated as unweighted averages for management, clerical, technical / research and non-clerical position recruitments. New business or expansion of existing one is clearly related to new jobs or gross employment. This was mentioned in only about one quarter of mid-career recruitments in Japan, as the corresponding reasons were the dominant reason for recruitment in Finland in 2001 with a share of 44 per cent of all recruitments. The distribution of reasons in the Japanese survey is based either on business or management-oriented reasons (demand) or more employee-related reasons (supply). It is unclear with the figures available whether the turnover is included in some of the reasons in Japan or not, but in Finland this is the second major reason for recruitment with a 40 per cent share of all. Leaving the labour market because of retirement was the major reason for mid-career recruitments in Japan in 2001, but represented less than one tenth of all reasons for recruitment in Finland. However, the raw figures as such are incomparable as the Finnish figures sums to 100 per cent and the Japanese does not, but the major differences are observable. Recruitment of mid-career employees in Japan was based more on supply-side factors of the labour market as in Finland the demand side factors were mentioned more often.

Figure 6 a and b. Reasons for recruitment of mid-career employees in Japan (a, left) and all recruitment in Finland (b, right) in 2001



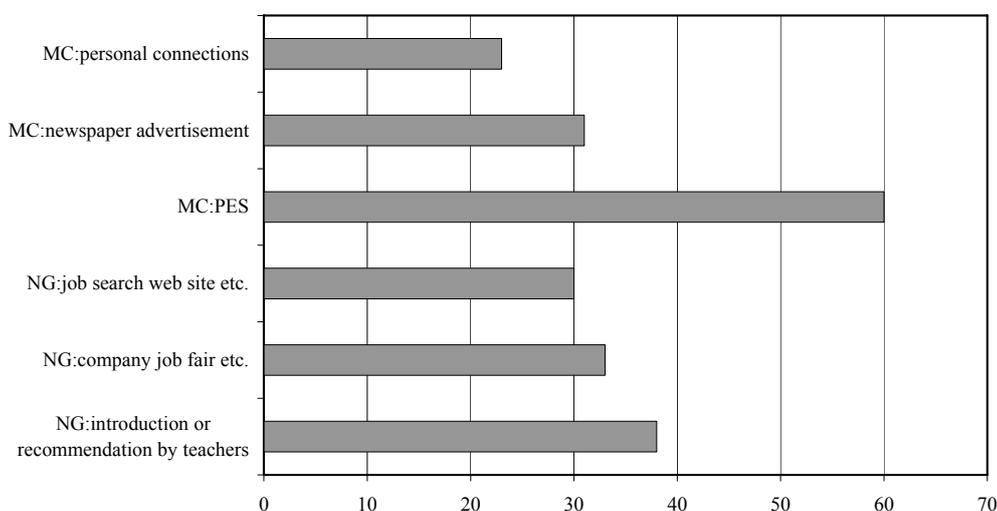
Sources: Labor Situation in Japan and Analysis 2004/2005, 32; Hamalainen (2004, 2)

3.3 Recruitment Channels

The use of recruitment channels can be compared with somewhat better than the reasons for recruitment. Despite of some remaining difficulties in the comparison the overall picture of the recruitment channels can be drawn. In recruiting new graduates in Japan, the three main recruitment channels are quite evenly applied.

In labour market terms, recommendation by teachers is a supply side measure, i.e. a job-seeker's action with a mediator. If a company holds a fair or seminar for the graduates, that is basically a demand side action. The third channel, applying website or other kind of job-search info, is a matching type of measure in the labour market as the company provides information, but active operation on the job-seekers' side is also required. The sum of the use of these three main channels equals 101 per cent, which can be interpreted to cover well the recruitment of graduates and there is probably not much use of multiple channels for a single recruitment case. The gaining popularity of the Internet has changed the recruitment process for graduates in the recent years. The Japanese mid-career hires are most likely to be comparable to the functioning of the Finnish labour market in general. The PES is the most important single channel, newspaper advertisements the second and personal connections the third one. The sum of the three main channels equals 114 per cent, which indicates that there is more use of multiple channels already taken the three most important channels into account. The future recruitment strategy of Japanese companies is quite even between planning to hire graduates and mid-careerists as the emphasis has heavily been on graduate recruitments before³¹.

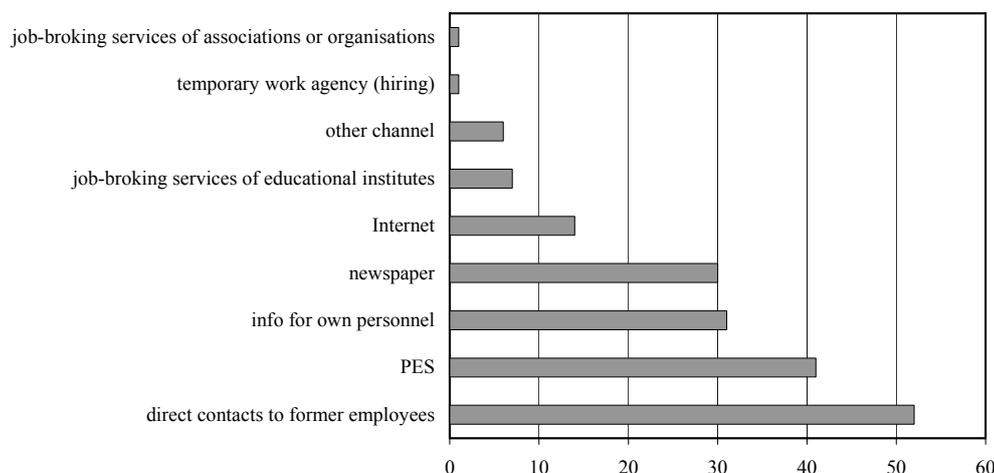
Figure 7. Three main recruitment channels for new graduates (NG) and mid-career hires (MC) in Japan, multiple responses in 2001



Source: Labor Situation in Japan and Analysis 2004/2005, 31

³¹ JIL Survey of Companies (2003) at <http://www.mhlw.go.jp/english/wp/wp-1/46.html>

Figure 8. Recruitment channels in Finland, multiple responses in 2001



Source: Hamalainen (2004, 5)

The Finnish labour market differs mostly as to recruitment channels from the Japanese one as direct contacts to former employees is the most often used channel and the third one is information for the company's personnel. The PES is important taking the second place. Newspaper advertisements and the Internet also are used quite often. The latest developments indicate that the use of newspaper advertisements has dropped and the use of Internet increased rapidly in recruitment, also the use of informal channels has increased in magnitude in Finland. The sum of these multiple responses equals 183 per cent, which means for Finland, that 1.8 recruitment channels per vacancy is applied on average. This means also that each of the channels cannot be effective in really filling the vacancy. The three most important channels in 2001 equals 124 per cent as the respective figure for Japan was 114 per cent for mid-career hires. The figures are not comparable as such, but at least taking the three most important channels into account and leaving the Japanese graduate recruitment out, in Finland the multiple use of recruitment channels seems to be slightly more common on average than in Japan³².

³² In 2002 in Japan, 32 % of those who did actually find jobs did it through the newspaper or magazine advertisements, 25 % used informal personal connections and 22 % the PES as the share of schools was 7 %, private job-brokers represented less than 2 % (Survey on Employment Trends 2002, 108).

Table 4. Interpretation of recruitment market characteristics in Japan and Finland

	Japan	Finland
vacancies	-high stock of vacancies, well in balance with the number of job-seekers	-low stock of vacancies, clearly unbalanced with the number of job-seekers, vacancy filling efficient
reasons for recruitment	-mid-careerists: substituting those retired main reason -new graduates: recruitment based on longer-term assessment	-mainly new jobs and worker turnover -substituting those retired has not been important directly in recruitment so far
use of recruitment channels	-mid-careerists: PES main channel, newspapers also important (=mainly formal channels) -new graduates: informal and company-level channels important	-informal channels used often -PES and newspaper important -multiple use of channels common

Interpreting the outcome, it seems that in Japan the macro level quantitative balance between the vacancies and job-seekers is rather well achieved. In Finland there is a clear unbalance between vacancies and the high stock of unemployment, but vacancy filling is basically efficient. The reasons for recruitment differ also and the Japanese labour market should be divided into two parts, the new graduate market and the mid-career market. In Finland more short-term motivation for recruitment is present than in Japan. In applying the recruitment channels there are some clear similarities as well. In the mid-career recruitment market in Japan and in the Finnish labour market, the PES and newspapers are important recruitment channels used. In Finland employers use more often informal channels, also. For the Japanese new graduate recruitment market³³, company-level recruitment systems are often applied with also informal contacts.

³³ The Japan Times 10.3.2005 states in an article that more than 60 per cent of major enterprises accept applications via the Internet, but the companies need to meet the applicants personally as well. Direct contact with the firm is still key to success in recruitment.

4. The Role of Technology and Skills at the PES

4.1 The Functioning of the Public Employment Services

The main services at the Japanese PESO offices are placement services, vocational guidance and employment insurance (=unemployment benefits). Besides these, some employment programmes do also exist with the elderly, the disabled, part-time workers and graduates as the main target groups. There are over 500 Public Employment Security Offices in Japan. The Ministry of Health, Labour and Welfare is in charge of the public employment services at the national level and at the regional level, the Prefectural Labour Office.³⁴ The vocational training for the unemployed job-seekers is organised by specialised institutes, as the PESO offices work more directly with placement activities³⁵. The idea is that the training period is also a part of the job-search period.

Some employment subsidies are also available in order to prevent unemployment or in case workers are transferred to other companies and also for specified groups of job-seekers. In the 1990s new kinds of employment measures were developed in order to aid workers directly and these included subsidies. Also service type of measures like job-search seminars with special counselling were organised and short-term vocational training was also provided. Also measures which help the workers to move into growing industries have been developed as well as temporary public sector employment programmes. The private job placement was also liberalised.³⁶

The Public Employment service in Finland carries out broad duties. The main functions are job-broking services provided for the job-seekers and the employers, information services covering a wide range of the labour market and educational information, active labour market policy programmes with the main types being labour market training and various forms of employment subsidies and direct job-creation. Vocational counselling is also an important service at the Finnish PES. For the young, practical training is also organised. The PES also gives a binding statement on the unemployed job-seeker's qualification for unemployment benefits. The benefits are paid then by the National Social Insurance Institution or unemployment benefit funds of various branches. Employment services are delivered both on an individual and group basis and the e-services are well developed. The service needs of the customer are first assessed by the PES on an individual basis and the job-seeker may also be referred to education or training, also advice in benefit matters is a work intensive duty.

³⁴ Tana (2004).

³⁵ Okutsu (2003)

³⁶ Ito (2003)

There are many different forms of active labour market policy programmes available. Labour market training is organised based both on employers' demand for labour and the skills of the job-seekers. Also, other people than the unemployed can participate in LMT programmes. There are both preparatory training and vocational training of various types, even additional LMT for university graduates. Employment programmes are based on employment subsidies paid to the employer who hires an unemployed person. In the public sector this is called direct job-creation. Various forms of programmes are available, e.g. if an unemployed person starts a business of his or her own, a start-up grant and training is provided and for young people without qualifications, apprenticeship training can be provided. At the Finnish PES, e-services have been developed rapidly during the last few years. There is computer equipment available for self-service use at the PES offices which are now being divided into job-search centres for open labour market job-finding and placement services and into intensive multi-professional labour force service centres for the hard-to-place applicants.³⁷

At the placement services, the job applicant can use the job-search facilities and e-equipment, participate in e.g. a one-week job-search training service, get job announcements or assignments from the PES or get a vacancy alarm e-service or take the advantage of personal job-broking services. The employer gets job-seeker information from the PES and help in selecting or pre-selecting the suitable candidates. The PES also visits the employers and organises targeted labour market training, apprenticeship training and provides hiring subsidies.³⁸

From a comparative perspective, the active labour market policies are rather different between Japan and Finland. In Japan, the PESO concentrates heavily on placement activities and benefit matters, but in Finland the PES has a broader role in organising the labour market training, subsidised employment and practical training programmes besides a large scope of employment services (see also figure 4 a and b). The active programmes are also large in magnitude in Finland.

PES Staff Resources

In Japan in the fiscal year 2004, the regular PESO staff equalled 12,000 persons³⁹. In Finland the corresponding figure was at the end of 2003 4,091 persons. In addition, 710 persons hired with job-creation programmes to work at the PES contributed to the staff⁴⁰, but to make the figures as comparable as possible, only regular staff is included in the calculation for Finland also.

³⁷ For a detailed presentation on the Finnish labour market policy programmes in Finnish, see Heinonen – Hamalainen – Raisanen – Sihto – Tuomala (2004), see also Raisanen (2003)

³⁸ Raisanen (2004).

³⁹ Besides the regular staff, there are a large number of part-time workers at the PESOs, but this number is not available. This information was given for the author by the JILPT representative.

⁴⁰ Employment report (2003) at www.mol.fi

Table 5. Labour market phenomena in relation to PES staff resources in Japan and Finland in 2003

Indicator / PES staff member	Japan	Finland
Stocks:		
Labour force	5,149	636
Unemployed	292	57
Vacancies	139	6
Annual inflows:		
New applications	625	103
New vacancies	670	78
Placements	176	76

Sources: see footnotes on staff resources and sources mentioned for table 1.

On the one hand the PES has clearly higher quantity of staff members in relation to the labour market phenomena in every respect in Finland compared with Japan. On the other hand, the workload is much higher in Japan per PESO staff member compared with Finland. The stock figures are probably not very interesting from this point of view, as the real relevance of this depends on what kinds of services the PES provides. However, the annual flows per staff member indicate the workload somewhat better. If the Finnish figures would also include the additional staff hired temporarily at the PES, this would decrease the workload by 15 per cent from the figures presented at the table above. This very preliminary calculation indicates that the Japanese PESO has only very limited resources for individual employment services⁴¹. Comparable figures are hard to find, as part-timers are excluded from the Japanese staff number. However, this staff clearly decreases workload at the PESOs.

The Interview Method

Chapters 4.2. and 4.3. in this report are based on PES interviews in Finland and Japan. The interviews were carried through in February 2005 in Finland and in March 2005 in Japan based on the same questions⁴². The report is based on interview notes which were originally taken during the interview and written into comprehensive form briefly after the interview. In Japan, the interviews were translated between Japanese and English by professional interpreters, which process may have caused a risk of minor inaccuracies in understanding. The PES offices got the interview questions beforehand, in Japan translated into Japanese.

⁴¹ An earlier comparison from 1991 between Japan, Norway, Spain and the UK also shows similar kind of differences especially in vacancies (OECD 1992, 123).

⁴² For more detailed information on the dates and persons interviewed and the specific interview questions, see appendix 1.

In Finland the interviews were carried through in Finnish. In the report the researcher's interpretation on the main points is presented and some technical expressions helping the understanding are added compared with what was originally exactly presented in the interview. The PES or PESO office in question where a particular comment was presented is specified in the text. The Japanese interviews were attended by a Japanese researcher from the JILPT taking notes, as well.

The Four PES Offices in Two Countries

The interviews were carried through in the two capital cities' PES, the Helsinki PES office (this office actually consists of several offices in different areas of the city under the same management) and the Hello Work Shinjuku PESO office in Tokyo. The capital offices were the biggest ones in both countries in question.

The other Finnish interview was conducted at the Turku PES office in South West Finland some 170 km from Helsinki. The other Japanese interview was carried through at the Mishima PESO office over 100 km west of Tokyo. These two offices represent more local labour markets in the study, even if they are both big cities.

4.2 The Role of Technology

The Internet in General and its Effects on PES Job-broking Services

This interview theme tries to approach the general role of technology and the Internet in the implementation of job-broking services.

The Internet is applied for job-broking purposes both in Japan and Finland. The information systems are also highly developed. Persons interviewed in Japan and Finland found that the Internet provides good services and people use it a lot. The main effects mentioned for Japan are wide access to vacancy information and for the PESO especially, a rapid way of dealing with vacancies. A problem of too much information in the Internet was also mentioned in Japan. In Finland the broad selection of other Public Employment Services was also present in the interview. Similar comments on the helpful effects of the Internet dealing with large quantities of information and the popularity of these services as in Japan were also presented in Finland. More demanding challenges for the PES officials were also mentioned. Lack of skills for certain job-seekers and officials was mentioned as a problem area. In the Finnish PES offices it was seen that the Internet technology has contributed to the own initiative of the job-seekers in job-search efforts. In both countries self service computers for vacancy information are available at the PES offices for job-seekers.

In Japan, there is a comprehensive employment information system which can be accessed from anywhere in the country. The Internet job placement started in Tokyo in 1999 and the same service was introduced for the rest of the country during the same year. Job information in the Internet is provided nationwide by the PESO. Job orders (= vacancies) from employers through Internet were introduced in 2004, but e-mail is actually more often used for this purpose. One special Japanese characteristic is that information on the job-seeking seminars held by companies also is provided at the Internet. The Internet provides access to private placement companies as well. Information technology is highly utilised by the Japanese PESO offices. The Shinjuku office provides services mainly for the employers, but also matters like employment security (= unemployment benefits) are taken care of. Shinjuku is a business area and there is much demand for labour, but the balance between demand and supply is good. Without technology it would have been very difficult to work as unemployment has increased. Job orders can be handled in a more speedily manner with the help of this technology. More general labour market information is provided in the Internet by the Ministry of Health, Labour and Welfare. (Shinjuku).

In Mishima it was considered that the Internet is generally advancing and individuals get a lot of information from it. However, in the labour market there is too much information available for individuals. That is causing one problem for people trying re-employment. (Mishima).

In Finland the web services are of high quality and widely used by both job-seekers and employers. Vacancies are also possible to be announced via the Internet by the employer and also the web filling method is applied for the PES vacancies. A national online vacancy information system gives information on all vacancies open at the moment of access to the system. The web services are considered to give good possibilities for redirecting the resources of the PES offices into other activities where personal services are necessary. The job-seekers are trained for applying the web services and more web advisors are planned to be hired at the PES office in Turku. The web services are presented in the initial information given for all new job-seekers. New job-seekers can report themselves to the PES office by web. It was also mentioned that as bank customers⁴³ the Finns are used to web services and so it is easy to apply this also to the PES services. It was considered possible that job announcements⁴⁴ given for job-seekers by printed mail could be substituted by a new technology. In Turku, a certain open service facility called the Job Café can advise the job-seekers in web services. Also certain training for working out CVs is available. However, some

⁴³ In Finland it is usual e.g. to pay bills via the Internet on bank account. This kind of self service is also favoured by the banks.

⁴⁴ A job announcement is a purely informative measure, i.e. a letter from the PES to the job-seeker on a possibly suitable vacancy with no possibilities for benefit sanctions.

job-seekers want to have a look for suitable vacancies on the note board, everyone is not using the Internet. (Turku).

The PES offices in both Helsinki and Turku mentioned the effects of the Internet on the work of the PES officials. The work has become more interesting, but more demanding as well. Job-broking activities need more expertise now and the skills have been broadened. The officer's duty is now more to help the job-seeker to find information on job-searching and education and to be able to deal with it. Labour market information is also provided for the customers. The contacts have changed more into using e-mail whatever the time is, this applies to both employers and the job-seekers. Own initiative and activity of the job-seekers has been improved. Employers give a plenty of job vacancies which need rapid action from the PES's side. The officials need more training, but on the other hand there is more time for individual services. Web services in general have brought new customer groups to use the PES services. It is not possible to deal with large quantities without technology. Some of the officers are still not able to use the web services effectively because lack of adequate skills and attitudes. The job-seekers can be grouped into three as web users: 1) independent users who do not necessarily even appear at the PES, 2) semi-independent users who benefit of these services after given advice and 3) those who need help from the very beginning. (Helsinki).

Effects of PES Web Services

The idea of this theme is to address more deeply the specific web services provided by the PES on the implementation of the employment services.

Certain kind of selectivity in applying the web services were mentioned in both countries as an effect of the PES web services, also increased efficiency is an outcome.

At the Shinjuku PESO office, it was seen that the main effect is that there is open access for everyone to the same information and it is more efficient. The information technology has made the PESO work more efficient. The job-seekers do not always need consultation and it is now possible to concentrate on those who need consultation and assistance. The Internet services rise awareness of both job seekers and employers about the services. When a job-seeker is for the first time in the office, information is given and also the employers are given the same information. Vacancy information is on the web site, a major part of job orders is in the Internet. In case the employers do not want to let the information into the Internet, the name of the employer or contact information is not provided. The Shinjuku PESO guides the job-seekers to the employers and they act in between the job seeker and the employer. The current information system is complicated and at the Shinjuku office it was seen that a fully transparent job information system is needed. There is basic information on the job available through the Inter-

net, the PESO office or a call centre can give further information on the jobs. The job-seekers are given advice to come to the office to get counselling. One effect of the PESO services is that they also put some pressure on the private employment service companies. (Shinjuku).

At the Mishima PESO office, the view is that in all the PESO offices Internet service and job information services are provided. At the Mishima PESO there is one PC exclusively for the Internet job-search use. For job-seeking information the office has a system to provide for a person coming to the office in this purpose. There are 30 PCs available for job information, but not all people use computers and some papers still remain. The job information system is easily achieved by just pushing one button, e.g. elderly people who have no computer literacy can do this. People visit the office to get some job information and especially job information from Mishima. The PESO tries to make sure that visitors at the office can get information on our activities and we need a web site to get them better involved in the PESO activities. The web is utilised throughout of our services. (Mishima).

At the Turku PES office the guidance of employers into using the web services is applied on selective basis. If there will be recruitment in the company, using the web is then preferred by the PES, but not with a smaller company recruiting only rarely. Many vacancies are announced via the web and all web formulas are considered clear for the user. The next step is that all new job-seekers will report themselves to the PES via the web and also for the stock of current job-seekers this will come. Electronic service is a matter of resources and routine affairs can be handled electronically and using self service. (Turku).

The most important web service channels of the Finnish labour administration are the Internet and e-mail services. At its simplest, web service is information delivered through the Internet. Employment services are now more well-known to the citizens because of the web. The challenges put forward by now are found in the matters of interaction in customer service, like should the PES give the job-seeker job assignments⁴⁵ or not, how to motivate the job-seekers and how to assess the service needs of the job-seeker, especially of those who need more than the web services. The whole individual job-broking is considered to be transferred more and more into the web environment. More efficiency is brought into the system, this is a flexible service alternative independent of time and location and also the access to services has improved. Contacting has become easy and the quantity of e-mail connections has remarkably increased. (Helsinki).

⁴⁵ A job assignment given by the PES to the job-seeker is an individual order to apply for a certain vacancy which the PES considers suitable for the person. If the person given the assignment is not following it, unemployment benefit sanctions will follow.

The Future Role of the Internet in Whole Recruitment of Labour

In Japan the role of large and small companies is different as to applying the Internet services. Large companies can take better advantage of these services as a great number of people visit their web sites. Smaller companies must use other recruitment methods as well. The new graduate recruitment market is much based on web information provided by the companies. In Finland the PES offices also mentioned the companies' special web recruitment methods and generally the role of the Internet in recruitment is expected to rise. The probable trade-off between the companies' Internet recruitment and the use of PES services was also mentioned.

Both the private placement companies and the PESO use the Internet a lot. Large Japanese companies have their own web sites and put job their information there. In hiring the new graduates, the company puts job information on the web site and then the graduates contact the company. This is a common system in Japan⁴⁶. Companies are also used to send vacancy information to universities and advertise in the newspapers. Today, a majority puts vacancy information on the web site. For the university students it is vital to go to the Internet. This information is now provided for all students, in the past companies selected to which universities they did send information, now every student has access to the information and this is good. In other words, the companies can find employees from a wider range of applicants. For the mid-careerists, both large and small companies put information on the web site. Not many people visit the web sites of smaller companies and this is their problem. They also use the PESO office, newspapers and magazines. (Shinjuku).

In recruitment purposes, there are more and more Internet users at the PESO. Companies can also deliver their own information to get people recruited in those companies. However, it was mentioned that at the PESO it is necessary to more carefully listen to the needs of the individuals, especially what kinds of jobs they want to get and how they want to get the job. Here the PESO can provide its services to job-seekers. (Mishima).

In Turku it was mentioned that many companies have their own web sites, which may limit the role of the PES. Many companies have also special recruitment pages at the web. The structure of the job-seekers becomes narrower if the vacancy is only on the company's web site. (Turku).

In Helsinki the consideration concerning the future role of the Internet in recruitment in general is that it has a high and increasing relevance. Job-broking

⁴⁶ In recruiting new graduates, several interviews for the candidates can be organised before those who will be recruited are selected.

takes place more and more in the Internet. Access is easy and independent of time and location. (Helsinki).

The Future Role of the Internet for the PES Services

In both countries the role of the PES web services was considered to be as one actor among others, even if it has a special role as a large actor and a public authority. Both employers and job-seekers were seen as the beneficiaries of these services. In Finland the PES was seen to have a special role in collecting various actors' information together.

More and more people use the PESO Internet vacancy information, which employers also use to get workers. The PESO Internet services have proved to be helpful for those young people who are not in employment, education or training (the so called NEET) and who only take part-time jobs. The Shinjuku PESO office would be interested in using the Internet for vocational counselling, which already has been tried, but it did not work properly. For foreign workers, like 2nd or 3rd generation Japanese from Brazil or Peru coming back, e-mail services are applied widely. (Shinjuku).

There are already job information nets (in the Internet) available for individuals, accessible by mobile phones or by PCs. The consideration at Mishima is that the PESO does not want to develop a system of its own. There is too much information available for individuals, who may not be able to know what to take. (Mishima).

The role of the labour administrations' web pages is seen as gathering the information together. A person should know a huge number of companies and their pages, but the labour administration can collect this information together. Also it is the role of the PES that people get used to applying other job-search channels as well as the PES channels. The difference between the companies and the public administration is that company pages can have a marketing oriented approach, but the labour administration can put only objective and neutral facts on its pages. The vacancies announced through the web can lack information, and many of them do not meet the certain criteria for the PES to take them on the web pages. (Turku).

At the Helsinki office, the services were considered to have already developed quite well, but in the future the electronic web service is a means to develop services even further and to react to the changing operational environment. With the help of the PES web services the job-seeker is able to broaden his or her own search for a job or education or training. Also the individual PES services are available. The strengths are a well-based knowledge on the education available in the country and the web services of the vocational counselling services. Many employers take the advantage of the labour administration web services in prese-

lecting the candidates for a job. This particular service is known as the CV net. The high quality and accuracy of vacancy information is a challenge for the PES. (Helsinki).

The Internet or Mobile Technology in Job-broking

The future role of the Internet technology compared with the mobile technology in providing employment services and especially vacancy information raised interesting responses in the interviews. In both countries the persons interviewed saw some possibilities for the mobile technology, but it was not considered to reach the relevance of the Internet. The experience of mobile technology at the PES is so far rather limited, but probably for certain specific cases the mobile information would be a good tool. Part-time workers were mentioned in Japan and rapid job-broking activities in Finland. The cost of using the mobile phones was assessed to be a problem in Finland. The amount of information limits at the moment the mobile technology in delivering vacancy information.

In Shinjuku the mobile technology has already been tried, but it was not very successful. The amount of information on the mobile technology is rather limited, but the PESO has not withdrawn from this service totally. The Internet is used more, a lot more information can be used then. It is also possible to use mobile phone technology for providing information on type of work, wage and place of work for part-timers. The Internet is used for certain purposes and the mobile technology for certain purposes. In the future there will be a need for getting more details of the vacancy information in the Internet. Also the amount of information in the Internet is limited compared with that of the offices. The PESO gets complaints from private sector recruitment companies that they do not want the PESO to put pressure to their business. The policy is now that let the private companies take care of recruitment activities, which situation is difficult for public authorities. The amount of foreign labour is now low, but web site contacts are used a lot. An Asian cross-border network is needed, e.g. high technology sector workers would be accepted from abroad. (Shinjuku).

In Mishima the first response was a certain frustration between these two. There is a difference between the Internet and the mobile technology in the volume of information available. However, if in the future the same volume of information is possible for both, then it will be easier to compare these two better. Then it will be possible to expect more frequent users of the mobile media. (Mishima).

In Turku it was mentioned that the mobile technology is coming, but it is expensive. For some limited target groups the mobile technology could be used, like white collar workers and highly skilled persons. If one does not have an e-mail connection at home, but has a mobile phone, then this could be a solution. Also some opposite comments were mentioned like that the e-mail is used much, not the mobile text messages, but the PES has accepted a job-seekers' announce-

ments on trips abroad by mobile text message. For a long time to come, the Internet technology is still far ahead the mobile technology. (Turku).

In Helsinki the current role of the mobile technology was assessed to have a very limited relevance. However, it would be a very good alternative to broaden the service alternatives as there are more mobile phones than e-mail connections. It would be a perfect tool for really rapid job-broking activities. The cost of using mobile phones was considered as a problem. (Helsinki).

4.3 Labour Market Skills at the PES

Skill Demands Rising from the Labour Market Changes

This part of the interview tried to raise responses to the effect of skill demands rising from labour market changes taking especially the job-broking into account.

In Shinjuku area, the labour demand is great in three categories: IT, service and security branches. IT workers are in greatest demand, but there is short of supply. Construction and civil engineers are also searched for, but they are in surplus of supply. At the PESO, job-seekers fill in their job history on a career sheet. Work experience, qualifications and licences they might have are written down. The PESO checks specific skills of the job-seekers using a checklist, e.g. for office work computer skills, ability to make calculations or hand writing skills are checked. The labour consultants at the PESO evaluate further the abilities of the person. The career sheet is used to understand the competencies and process this data and this is developed in cooperation with the employers. A future challenge is that IT could be needed to check the competencies of the job-seeker in the Internet. Then people could evaluate their competence at home. (Shinjuku).

At the moment, the labour market is seriously affected by the economy. As the situation in the labour market changes, skills of the job-seekers who come to PESO office may not match the skill demands of the companies. The skills of the job-seekers can change together with the demands, but right now this is not the case. (Mishima).

In Turku the dynamics of unemployment has increased that means there are many transactions into and out of unemployment. It is necessary for the job-seekers and also a requirement of the labour administration that the PES office knows the local labour market well. Labour market changes are assessed and considered how to take into account these changes in the customer service in practice. It is the worst possible situation we could imagine that a job-seeker announces himself asking for jobs in his branch and we could not say anything about the situation. We have to be experts in this regions' labour market. In the job-search on one's own, it is relevant whether the person really has the ability to

search and act on his own and is able to assess his own skills. It is not an easy task to consider whether the person knows the skill demands of the labour market and specific companies and whether his or her skills meet the requirements. In the Job Café companies tell about their skill requirements and this is important both for the officials and the job-seekers. We send the labour officers to visit companies which have recruited employees using employment subsidies or other labour market programmes. Then it is possible to recognize what other needs the employer has. Information on occupations has been produced and the Ministry of Labour has collected it. At the Turku PES office, weekly labour market outlooks are produced and circulated for officials. There is not enough knowledge of the skill requirements, the job-seekers are a relatively central source of information in this respect. (Turku).

In the Helsinki metropolitan area the labour market has radically changed within the last 10 years. The most marked characteristics are city unemployment, high structural unemployment, a very segmented structure of unemployment and a multiple number of partial labour markets with very different unemployment profiles. The regional mobility causes that the unemployed in Helsinki have to compete for jobs with people coming from other places. Traditional worker occupations have been diminished and the labour demand does not match the job-seekers, e.g. in over 50 per cent of the vacancies a tertiary level degree is required. It is common that there are fixed-term jobs, casual work and project type of work. At the PES office both skills related to the employer and job-seeker side of the market are needed. Multiprofessional skills are also important. For the PES officials, knowledge of occupations and industries, ability to communicate, technology skills, good basic education and general knowledge, language skills and skills related to other cultures are emphasised. Employer visits are included in the duties of all officials, but still the employers do not know the PES services properly. Proactive cooperation with employers is of vital importance. (Helsinki).

Fundamental Labour Market Skills in the PES work

At the Shinjuku PESO the employment situation was considered unusual as there is demand for labour and still many people are without work. This means that mismatch is increasing. The labour market is also changing, new types of work and new industries appear and this kind of information is needed. In the past PESOs placed people for jobs at construction sites and administrative jobs, this was the majority, but is not any more. We do not have enough knowledge of this highly technical kind of jobs as specialists, computer engineers and other technical work. For the sales jobs, company people are asked to come to the PESO to explain the new jobs and their demands, where more use of brains is needed. The Shinjuku PESO office is developing knowledge of the sales jobs especially. The PESO needs to know more of the changing distribution channels. There used to be a wholesaler and retailer before but now some skip the wholesaler totally. Knowledge of competency matters is needed to avoid mismatches. Also counsel-

ling skills are being developed. Lecturers from outside the office are needed. In the past 10 years job-seekers have developed techniques in job-seeking skills, e.g how to write an application etc. They should be keen on skills rather than how to look like or what kind of suit to use. (Shinjuku).

In Mishima it was mentioned that the first role of the PESO is to find employment to job seekers. To be able to do this, however, the PESO should not look so much at the Internet, but more preferably have face-to-face meetings with job-seekers and companies who want to search for some suitable persons. In the Mishima area most vacancies are in the service sector. One speciality in the area is that there are many Japanese style inns with spas and tourism. In the fiscal year 2003, about one fifth of the vacancies in the area were in the services, with hotels and related business representing somewhat lower share followed by medical and welfare services, manufacturing and retail and wholesale business. The recruitment process proceeds usually so that the companies come to the PESO and tell what type of jobs are required, what are the skill demands and what are the working hours. This and other detailed conditions of the job are put to the PESO computers. When a job-seeker look the information on the job he or she is applying for, a PESO official gives more information on the company and the job. After that the PESO makes a phone call to the company to fix the job-seeker's visit there. The PESO provides an introduction letter to the company as well. (Mishima).

In Turku it was mentioned that at the PES office anyone must be able to say something about the local labour market. When a new unemployed job-seeker enters the PES office, he or she is not ready to discuss the labour market before the unemployment benefit matters are taken care of. In the initial information given for the job-seeker, his/her own responsibilities and the role of job-search of one's own are discussed. There will soon be electronic initial information available emphasising the job-search issues and all new job-seekers go through it. Job-search issues are central and a summary of current labour market situation is also worked out. The PES officials know well the large employers like the shipyard and metal industries and food industries, but special branches are difficult. The PES knows the general situation in the IT sector, health care and social services. An individual labour official has a great responsibility for what kind of information he or she gives to the customer. Hidden labour demand is not known to the PES, the market share of the PES does not cover everything, but the office gets information from newspapers and using anticipation methods of the labour market. At the PES temporary worker service there are plenty of vacancies, the shipyard is recruiting right now, there are all the time hundreds of vacancies at the largest companies. The Turku PES office applies a branch based working method. If it is necessary, the job-seeker is guided to a labour force service centre providing other services by other authorities as well. The job-broking is now being emphasised, previously it was the unemployment benefit matters. With sepa-

rate job-seeker and employer services within the office, good cooperation between them is necessary. (Turku).

In Helsinki it was only added to the previous response that the fundamental labour market skills broadly consist of matters related to the labour market, recruitment, educational systems and the problems of unemployment. This requires continuous collection of information, updating and broadening of skills. (Helsinki).

Relevance of Knowledge of Various Recruitment Channels

In both countries the PES has a rather broad-minded orientation towards multiple recruitment channels and giving the job-seekers and employers advice on the most effective channels. The knowledge of the recruitment channels used by employers is on a high level at the public employment service. A solid functioning of the labour market as a target can be seen behind the responses given by the officials interviewed.

At Shinjuku office interview it was mentioned that it is very important to know companies' different recruitment channels. As the Japanese companies give vacancies to the PESO and use advertisements in newspapers and magazines, now they also use more private recruitment companies than before. All channels have different characteristics, which is important for the PESO official to know to carry out effective placement services. In using different channels, the Japanese companies consider the costs, the type of work and what kind of people they need. Also the status of the people is decisive on what channel to use, different channel is used for different parts of the labour market. For a specialist, a head hunting company or private recruitment firm is used. For a clerical worker, they come to the PESO. For a salesperson, an add to a local paper or PESO is applied. Each private recruitment company has its own strengths in one part of the labour market. The PESO gives advice for the employers on the most effective recruitment method. The PESO cannot do everything, sometimes it is better for the employer to go to a private company. Also when the economy gets worse, more people come to the PESO and vice versa. Now more people are coming to the PESO and companies stop advertising in newspapers and they also come to the PESO. The Shinjuku PESO also visits companies to get vacancies. In the various regions the recruitment channels also are different. In Tokyo, PESO use is rather low, but in rural areas it is high as there are no private recruitment companies. (Shinjuku).

If there were more variety of recruitment channels it would be better. From the PESO's point of view it would be best if the PESO services were the most effective for the job-seekers. The more information there is available for the job-seekers, the better they can be served. The office provides information to job-

seekers on recruitment channels and also things like the values of companies who offer jobs to individuals. (Mishima).

The PES officials at Turku said that they present at the Job Café service all channels and vacancies including the private competitors of the PES. In the job-search training given for the job-seeker, all channels are introduced. Companies' web based job-search machines and recruitment channels are all presented to the job-seeker, which happens already at the initial information phase. Some time ago, newspapers and note boards were the central means. All methods increasing the labour market dynamics are applied. The Turku PES office has managed to keep a reasonable market share. They also give the job-applicants information on web sites, but are practically unaware of whether they are used or not. (Turku).

This matter is essential and belongs to a quality customer service. At the initial information and job-search training all the recruitment channels are introduced, including the private competitors and private sector temporary work agencies. Knowledge of these issues makes the labour market work more effectively and makes the job-finding to take place earlier. For the PES this broadens skills and abilities to carry through job-broking activities. (Helsinki).

Relevance of Being Aware of Recruitment Problems

The idea of this question was to hear responses on the relevance of being aware of recruitment problems in the implementation of employment services.

Successful placements are analysed every month at the Shinjuku office. This aims at better placements. For the last month, the main reasons for not being successful in placements were lack of ability on the applicants' side and the inadequate skill level on the employers' side. Japanese companies screen applicants based on e.g. work history and then the applicants are given a job examination. Many are rejected if they do not know how to write papers. The PESO uses career sheets and check lists for skills and they learn what is happening in reality. Based on that, the office can modify its guidance. For labour market mismatches there are several causes like wages, hours of work and status of worker like part-timer. The Shinjuku PESO applies group work for those applicants who were not successful. About 30 job-seekers discuss together what went wrong in the recruitment process one labour official chairing these discussions, but not giving advice. Those who failed in interviews are given simulation interviews and those who made a wrong choice are given vocational counselling. Group work which usually takes half a day gives people a possibility to think what went wrong. For the PESO, this is a rather work-intensive method as these groups are organised every week. The office wants to make the job-seeker to realise the shortcomings and what went wrong. To win a battle you need to know the enemy, this applies to recruitment as well. You need to know yourself first to be successful and university students do not know this. (Shinjuku).

In Mishima the response to this question is that when the office provides placements to job seekers, some are recruited and others are not. With the latter group the office tries to find out why they were not employed by the companies. Probably there were some skills required which did not appear on the requirements of the company, but they existed anyway. The employer did not bother to put such information on a piece of paper. This information is utilised for the future job-seekers so that the office knows this next time and the job-seekers can get the job. Sometimes there is missing information on the requirements, skills and necessary techniques on the vacancy information. (Mishima).

This is an essential matter. If the PES knows that e.g. there will be no applicants it advises the employer to launch a training project where the PES can participate. Recruitment problems are connected with the planning of the labour market training. It is important to give information and also apprenticeship training is a good thing here. A list of problem vacancies has been updated and there have been discussion about that at the PES. Occupations with inadequate matching are found in the health care sector, construction business and metal industry. Targeted training projects are rather rapid, but if larger problems are faced there is a training delay. If the education or training found adequate is of longer duration, it is not necessarily directly suitable for labour market training. (Turku).

Ability to react according to the situation as soon as possible is a matter of utmost importance. Training measures were also mentioned at the Helsinki PES. One problem is that the situations may change even within a short period of time. Partially because of this the national employer survey information is not very useful at the local level. The interviewed persons emphasised the role of the PES employer visits as a relevant source of information in recruitment problems. (Helsinki).

Future Considerations for Labour Demand and Supply

This issue aimed at raising responses on the future labour supply and demand factors and additionally what this knowledge was based on.

Generally the labour demand is dependent on the state of the economy which is difficult to estimate, but the labour supply is more predictable. Japan is an ageing society, the birth rate is going down and the number of senior workers will increase. Population statistics was mentioned as a source of knowledge of these issues at the Shinjuku PESO. In the long run it cannot be predicted, but in the short run there is more demand for workers. There is also mismatch because of lack of normal jobs. People want to be hired directly by companies, not by intermediaries placing them into the companies. This new type of employment is present in the construction sector already, but also in the services sector these types of intermediaries are emerging. It is the PESO's job to find for people stable jobs. Another big challenge is to create jobs for retirees, who are eager to work

even after the age of 60 but there are not many jobs for these people. In 2004, a new law for the employment of elderly people was adopted. Jobs should be available to the age of 65 because the pension age was risen to 65 years. The age limit should be abolished, which is something we ask the employers to do. The employment rate is going down, which is a big challenge. Women are a big resource. In the short term the employment rate is going down and there is a need for matching better demand and supply. In Japan the current unemployment rate is considered to be high, it is not possible to be optimistic if employment is going down. Job placement capabilities need to be built up. (Shinjuku).

In Mishima the so called “2007 issue” was mentioned which means those large cohorts who were born at the post war period and are now reaching the mandatory retirement age. Japan is in scarcity of labour. In the manufacturing sector, technology is advancing with mechanisation and computerisation and caused by this, companies are probably not recruiting so much. The PESO tries to re-employ some old people who already have retired. Forms of work are more diversified in these days, here especially dispatched workers and persons working on contract basis were mentioned. Also more part-time workers will be seen. The PESO is rather concerned about the insecure position of these workers. (Mishima).

The prospects appeared to be of rather similar nature in Turku. The role of the large age cohorts and reports on the ageing in the region gives a rather straight picture what is happening. People go into retirement and the labour administration has to cooperate with educational institutions and the employers, the PES cannot solve these problems alone. Statistics and coordination groups (with social partners and educational institutions) were also mentioned as a source of information and as a way to solve the problems. Most of the solutions to these problems are of educational nature, also immigration and especially work-oriented immigration can increase the labour force. The amount of temporary workers from the Baltic States has increased after the enlargement of the EU. There is the structural unemployment and labour demand which do not meet each other. The possibilities to train people among the structural unemployment are probably quite marginal. The number of new entrants into the labour market is very limited and more effective education periods can only affect with a delay. A number of health care sector workers left this region and the country in the 1990s, but now hospitals are recruiting these people back from other parts of the country and from other Nordic countries, which is quite peculiar. The employers are used to getting people who are ready for the job. There will be a change in attitudes that also less skilled people will be recruited. This situation puts pressure on the PES as the employer requires training and tailor-made solutions which may transfer the responsibility for the company’s personnel training partially to the public authorities’ side. As mass dismissals happen, replacement should start before the unemployment. (Turku).

Forecasting is difficult because there are different developments. As to ageing, it is important when people do really go into retirement. Care work, social and health sectors, private services and finance are among the increasing branches, where there is demand for educated labour. The globalisation and international developments like immigration were also discussed by the interviewees. At the Helsinki PES the knowledge base of the statements was found in statistics, studies, employers' information, filling the vacancies and the PES information system, forecasts and personal experience. (Helsinki).

4.4 Main Similarities and Differences in Technology and Skills

Summary of the Interviews

The interviews are summarized in the following two tables presenting the main outcome for each interview theme. As similarities are marked in bold, the remaining part marks the differences. As the interviews are reported into detail above, these summarising tables are not explained more here.

Table 6. *Job-broking technology profiles in Japan and Finland (similarities marked in bold)*

	Japan	Finland
Role of the Internet in general on job-broking services	rapidity, can deal with large quantities	wide use, PES helps to find information, large quantities , PES can redirect own resources
Effect on PES web services	open access, selectivity in using, efficiency , local vacancy information easy to use	efficiency , flexibility, selectivity in applying, new job-seekers report themselves by web, employment services well-known, interaction with customers important
Future role of the Internet in recruitment of labour	more users , large and small companies differ, graduate market in Internet, needs of the individual must be listened	increasing relevance , companies own web sites may limit the role of PES
Future role of the Internet for PES services	PES one among others , helpful for NEET, vocational counselling in the future, access via PC or mobile	PES one among others , PES can collect information and helps to use all channels, vocational counselling and educational information in the Internet is a strength
The Internet or mobile technology in job-broking	mobile has been tried with no success, in the Internet more information , if more information by mobile possible then could be compared better, part-timers' vacancies by mobile possible	Internet far ahead for a long time, mobile limited info , mobile for some target groups like white-collar or highly skilled, very rapid recruitment by mobile, more mobile than Internet connections, mobile expensive, some mobile use

Table 7. *Labour market skills profile at the PES in Japan and Finland (similarities marked in bold)*

	Japan	Finland
Skill demand rising from labour market changes	IT needed to check skills via Internet, skills may not match to demand	occupational information important, not enough knowledge of skills, PES makes employer visits, multiprofessional skills, many new demands for PES personnel
Fundamental labour market skills in the PES work	mismatches, counselling skills, new kind of work and industries, face-to-face meetings preferable to Internet, not enough knowledge of skills	PES must know the labour market situation, job-search issues, education, recruitment and unemployment broadly
Relevance of knowledge of various recruitment channels	important issue , many channels used and they have different characteristics, information on channels given, advice also on private recruitment companies	essential matter, all channels presented, also private competitors to the PES presented , all means used to increase labour market dynamics
Relevance of being aware of recruitment problems	placements monitored , skills essential to problems, mismatches caused by demand side often, all skills not presented as requirements	highly important matter to react soon, list of problem vacancies updated , training measures or education important, situation changes rapidly, employer visits important
Future considerations for labour demand and supply	ageing society , supply predictable, scarcity of labour, jobs for retirees needed, diversified forms of work are a concern and a cause of mismatches	ageing society , immigration, globalisation, education, also the less skilled will be recruited

Making another kind of comparison is to discuss whether there are similarities between the metropolitan areas on the one hand, and on the other, between the other cities' areas. In this sense the interviews are not thorough enough to make real comparisons possible, but certain preliminary findings can be discussed. In the role of the Internet in general it was mentioned in both metropolitan areas that it helps to deal with large quantities, but this was not mentioned in the other cities⁴⁷. Similarly, the efficiency aspect seems to be more closely related to the metropolitan labour market. One more regional theme was the role of the PES which was more emphasised in the PES interviews of the regional cities. Also the quality of vacancy information was considered more in the regional interviews.

This outcome is something which could be expected. In the large metropolitan labour market, the labour market actors do not know each other, but they must solely rely on the available labour market information. The role of the Public Employment Service is also more limited in metropolitan areas as many private

⁴⁷ see appendix 2 for the estimation concerning web filling method at the PES based on Finnish microdata. It shows that web filling is most probable in the main cities and large companies are more likely users of web filling method. In Japan also large companies use the web method most.

actors also operate there. In the more regional type of labour market it is common to be more deeply connected with the local and regional actors and to emphasise their role more.

Have the Hypotheses Been Verified?

In the first chapter of this study, two hypotheses were set especially for this interview part. The first hypothesis was that the job-broking technology is on a high level in both countries, but the way the labour market function and recruitment takes place are different. The second hypothesis on the qualifications of the PES personnel is that there are some similarities e.g. in applying the technology, but the market and administrative environments set different requirements.

As to the first hypothesis, it is evident based both on literature and the interviews that the job-broking technology is on a high level in Japan and Finland. In both countries the Internet is widely applied in recruitment activities and also some mobile phone applications exist. Information systems at the PES are highly developed. Vacancy information is based on open access with some limitations for a share of the vacancies, which is based on the employer's request. Based on the literature and statistical part of the study and the interviews, the labour market seems to function in different ways in Japan and Finland. The main differences are the Japanese life-long employment pattern in large corporations and large annual new graduate recruitments, which phenomena do not exist in Finland. The Japanese mid-career market and the operations of small and medium-sized companies resemble most the Finnish labour market, where more short-term demand factors are important. However, in recruitment there are also some similarities especially as to recruitment channels, but taken as a whole, the differences are more evident in terms of reasons for recruitment and the channels used. The first hypothesis can be verified based on this. This means that technological similarities and labour market differences were found.

The second hypothesis also seems generally possible to be verified, but the overall picture is more complicated. As the technology has many similarities, also applications are based on same restrictions and possibilities. The labour market sets different demands for the PES personnel in skills related to recruitment, but there are also similarities. The mix of the labour market skills is different between the Japanese PESO and the Finnish PES, but many similar ingredients can be found. In both countries it is highly relevant to know the recruitment market and the skills of the job-seekers. In both countries the PES visits employers to become aware of the skill demands and to get new vacancies. One difference is the scope of applying solutions based on the Internet technology. In Japan there was an aim to be able to use the Internet for skill tests and vocational counselling, which has already been taken into use in Finland. An important policy difference is that in Japan the PESO concentrates on placement, vocational counselling and benefit issues, but in Finland the active labour market policy pro-

grammes are directly in the decision-making power of the PES. The relevant labour market skills in the Finnish PES include also broad knowledge of education and training issues, which is also a solution to many labour market problems.

5. Conclusions and Policy Recommendations

Japan and Finland share an ageing⁴⁸ society, which has many consequences for the labour market. Especially older workers become more and more important for both societies. Here Japan is a real benchmark with extremely high employment among the aged labour force. For the problem of the scarcity of the labour force, the Finnish high female labour force participation in full-time work could be a benchmark.

The recruitment market is overall more lively in Japan compared with Finland. The way the labour market function differs from each other in many important respects. In Japan, the labour market can be divided into new graduate market and mid-career market on the one hand, on the other, into large companies' market and others. In Finland the labour market cannot be divided in this way. More short-term demand side factors affect recruitment in Finland than in Japan. In both countries, unemployment is considered one of the major problems and both countries need a GDP growth of 3 per cent to make unemployment to remain constant. Atypical kind of work has become more common with the Japanese concentrating especially on part-time work and the Finns in fixed-term contracts which are also common in Japan.

The role of the Public Employment Service (PES or PESO) is different between the countries. In Japan, the PESO concentrates on placement, vocational counseling and benefit issues, as the Finnish PES has much broader duties besides these, e.g. organising large labour market training and subsidised employment programmes and various employment services. In Japan most of the resources of active labour market policy are devoted to the PES, but this is not the case in Finland. The Finnish PES has much better staff resources in relation to relevant labour market phenomena than the Japanese PESO. The market share of the PES in the recruitments is also higher in Finland. The Japanese PESO seems to consider its position in job-broking being more in between the job-seekers and the employers, as in Finland this traditional role seems to be changing more into the direction of promoting direct contacts between the job-seekers and employers and providing information on recruitment and job-search channels.

The Internet technology is applied effectively in both countries in job-broking activities. Especially vacancy information is easily available in the Internet, it has a great number of users and makes the labour market and recruitment more efficient. The Internet services are, however, applied on selective basis at the PES with different parts of the labour market having different recruitment mechanisms. The PES is one actor among others in providing web services, but it introduces all vacancy information channels to the job-seekers and recruitment

⁴⁸ for Japan, see OECD (2004)

channels for the employers. The mobile technology could possibly be used more in job-broking if the amount of information would be larger. In this sense the Internet is still far ahead of the mobile technology in job-broking. Some PES services can utilise mobile text messages. The labour market authorities interviewed named different target groups as possible users of mobile technology in each country. The mobile technology is at the moment more like a future possibility for certain job-broking activities, where still a large amount of rather detailed information is necessary. The base of the job-broking technology is the same in Japan and Finland and also the authorities mentioned some similarities in every issue. Still, the user and applier profiles differ.

In the labour market skill issues the differences are clearer and the similarities were rather limited between the countries. There is not enough knowledge of skills at the PES, the authorities were acquainted with mismatch problems caused by skills, the recruitment channels were introduced to the job-seekers including the private actors in this area. The PES officials also monitor placements in both countries. These were the similarities mentioned.

The differences are discussed throughout this study, but one of the most important labour market policy implications of the differences indicated in the interviews is that the Japanese PESO has rather limited possibilities to deal with mismatch issues or recruitment problems, they have to concentrate mainly on improving placements and taking the advantage of vocational counselling. The Finnish PES officials do have multiple policy measures to act with when mismatch problems or recruitment problems are faced. The most important measure behind job-broking is the labour market training where planning, participant selection and cooperation with employers is in the hands of the labour authorities while educational institutions usually take care of the training itself. Also other selective employment measures like subsidies for companies recruiting an unemployed person are largely applied in Finland. So far, these kinds of possibilities have been rather limited in Japan and the possible actions taken are therefore of lighter nature than the scope of options in Finland.

For the Finnish PES and the employers, there is probably one good lesson in recruitment affairs to learn from Japan. The rather clear division of recruitment channels depending on the type of job and the part of the labour market in question seems to work effectively, the actors know the relevant channels quite well and as indicated in this study, there is more multiple use of recruitment channels in Finland. Only one of these channels can be effective, in other words, there is excess cost in recruitment in Finland. Also the intensive multi-phased recruitment process consisting of several interviews of the new graduates in Japan could be an interesting lesson for the recruiting Finnish employers.

This study has tried to systematically discuss job-broking issues on a comparative perspective between Japan and Finland. The study is limited to the main as-

pects, but even there some difficulties in the comparisons were faced. The statistical part has been documented as carefully as possible, because even macro statistics is rather different and a possible source of misinterpretations. In the interview part, the method was otherwise similar, but in Finland both management and those really implementing the job-broking services participated in the interviews, in Japan solely the directors of the PESO offices were interviewed. Because of this, there were together nine people interviewed in Finland and two people in Japan. Misunderstandings and inaccurate notes are also a risk in the interviews in Japan, however, it is a minor one as the draft report has been checked by a Japanese researcher who also attended the interviews. It is difficult to go further with this kind of comparisons between countries, but it would be worth trying in the future.

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Appendices

Appendix 1. Interview questions for the Representatives of the Public Employment Service in Japan and Finland

Japan: The Hello Work Shinjuku PESO office in Tokyo (10.3.2005) and The Hello Work Mishima PESO office (18.3.2005)

Finland: PES office of Helsinki (15.2.2005) and Turku (3.2.2005)

1. Skills Related to Technology

How would you consider the effects of the general development in technology and the Internet on your work and the implementation of the job-broking services?

What is the effect of the web services provided by the Public Employment Service on your work and the implementation of employment services?

How has the guidance of job-seekers and the employers in applying the web services affected your work?

How would you consider the future role of the Internet a) in the whole recruitment of labour b) from the point of view of the Public Employment Service and its services?

What is your opinion on the future role of the Internet technology compared to the mobile technology in providing job-broking services, especially vacancy information?

2. Skill Demand Rising from the Labour Market and its Changes

What is your assessment of the skill demand rising from the labour market changes taking especially the point of view of the job-broking into consideration?

Please assess what you consider as the elements of the fundamental skills in the labour market (e.g. demand for and supply of labour, different educational systems, the structure of the plants in the region)?

What is your opinion on the relevance of the knowledge of various recruitment channels in the implementation of the job-broking services?

And what is the relevance of being aware of the recruitment problems in the implementation of the job-broking services?

How do you consider the future developments in the demand for and supply of labour? What is your knowledge based on?

Persons interviewed for this research

Finland

Turku PES office (3.2.2005)

Mr. Pasi Ristilä, Department Director

Mr. Esa Koskinen, Web Advisor

Ms. Jaana Apiainen, Branch Director (Deputy Director of the office)

Ms. Eeva Kumpula, Department Director

Helsinki PES office (15.2.2005)

Ms. Rebecka Svedlin, Director of the office

Mr. Tom Åhlgren, Deputy Director of the office

Ms. Sisko Nopanen, Labour Advisor

Mr. Jyrki Sippala, Labour Advisor

Mr. Ismo Ylä-Rautio, Labour Advisor

Japan

Hello Work Shinjuku PESO office, Tokyo (10.3.2005)

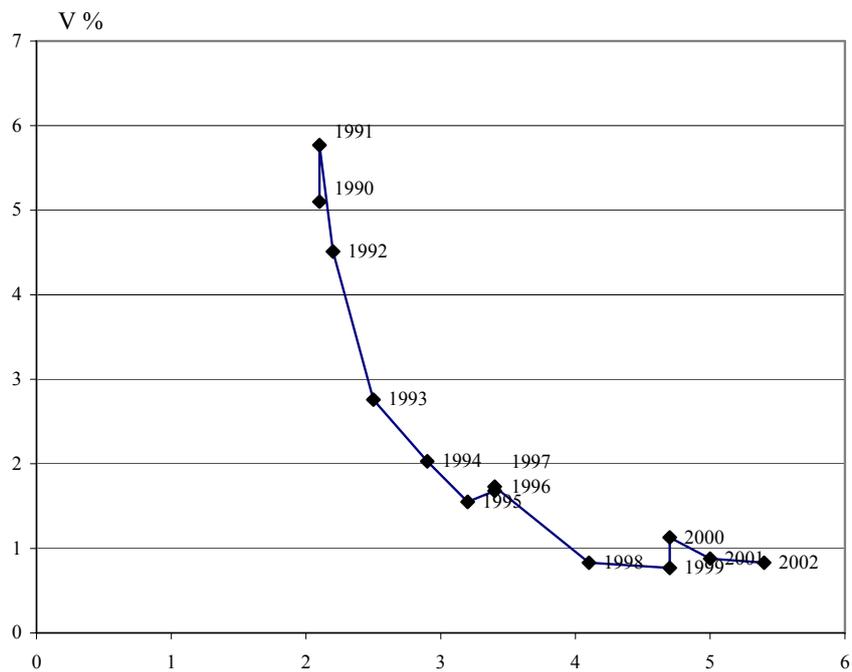
Mr. Tadao Mizutani, President (Director) of the PESO office

Hello Work Mishima PESO office (18.3.2005)

Mr. Ryoichi Sugiyama, President (Director) of the PESO office

Appendix 2. Logit estimation for web filling method at the PES in Finland in 2003, two models (see also Raisanen 2005, 35)

	Model 1 (1=web filling)		Model 2 (1=web filling)	
	B, Sig. (S.E.)	Exp(B)	B, Sig. (S.E.)	Exp (B)
filling delay (yes)	-0.05 (.105)	.947	-.694 *** (.086)	.499
n. of vacancies (more than 1)	-0.04 (.094)	.962	.191 *** (.048)	1.211
job assignment (yes)	-0.78 *** (.195)	.458	-.885 *** (.092)	.413
job announcement (yes)	0.08 (.085)	1.081	.104 * (.045)	1.110
working time (other than day work)	0.89 *** (.084)	2.442	.594 *** (.044)	1.811
job duration (less than 3 months)	0.49 (.098)	1.633	.085 (.056)	1.088
job type (other than wage work)	0.24 (.151)	1.268	-.650 *** (.090)	.522
education specified (yes)	-16.06 (576.3)	.000	-2.751 *** (.502)	.064
open vacancy duration (22 days or more)	-0.18 (.104)	.839		
n. of personnel (max. 20)	0.25 * (.100)	1.281	.198 *** (.057)	1.218
n. of personnel (200 or more)	0.41 *** (.116)	1.510	1.131 *** (.060)	3.098
filled with PES applicant (yes)	-17.91 (178.1)	.000		
statistically urban (yes)	1.29 *** (.156)	3.646	.911 *** (.081)	2.487
recruitment duration (34 days or more)	-0.57 *** (.105)	.567		
10 main cities (yes)	2.00 *** (.123)	7.416	1.794 *** (.063)	6.015
recruitment problem occupation StatFin (yes)	-0.68 *** (.150)	.507	-.983 *** (.088)	.374
recruitment problem occupation PES (yes)	1.40 *** (.089)	4.071	1.197 *** (.046)	3.309
Constant	-6.27 *** (.190)	.002	-6.413 *** (.098)	.002
N	60,595		107,269	
percentage predicted correct	99		98	
Cox & Snell r^2 , %	5		4	
Nagelkerke r^2 , %	42		21	
log likelihood	4,755.5		18,601.8	

Appendix 3. UV curve for Japan based on survey statistics in 1990-2002

The unemployment – vacancy curve above is calculated based on Survey on Employment Trends, which represents the whole economy. The vacancy statistics behind the figure indicates the number of active job openings minus placements, i.e. unfilled vacancies.

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